

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Andover Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: October 9, 2020

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on August 1 of each fiscal year. The schedule is effective in FY21 (since the amount under the prior schedule was maintained in FY21) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.0% to 6.25%.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

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Section 2: Actuarial Valuation Results

Funding schedule

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of Remaining Unfunded Liability	(4) Actuarially Determined Contribution (ADC): (2) + (3)	(5) Total UAL	(6) Percent Increase in ADC Over Prior Year
2021	\$3,999,681	\$8,026,029	\$12,025,710	\$177,520,054	--
2022	4,152,288	8,877,569	13,029,857	185,152,836	8.35%
2023	4,310,696	9,807,154	14,117,850	187,340,004	8.35%
2024	4,475,128	10,821,562	15,296,690	188,681,163	8.35%
2025	4,645,810	11,928,154	16,573,964	189,033,767	8.35%
2026	4,822,979	13,134,911	17,957,890	188,238,580	8.35%
2027	5,006,882	14,450,492	19,457,374	186,117,976	8.35%
2028	5,197,774	15,884,290	21,082,064	182,474,074	8.35%
2029	5,395,918	17,446,499	22,842,417	177,086,694	8.35%
2030	5,601,591	19,148,168	24,749,759	169,711,121	8.35%
2031	5,815,077	21,001,286	26,816,363	160,075,662	8.35%
2032	6,036,672	23,018,858	29,055,530	147,878,971	8.35%
2033	6,266,683	25,214,983	31,481,666	132,787,119	8.35%
2034	6,505,429	27,604,957	34,110,386	114,430,402	8.35%
2035	6,753,241	30,205,362	36,958,603	92,399,840	8.35%
2036	7,010,462	33,034,184	40,044,646	66,243,361	8.35%
2037	7,277,448	35,641,231	42,918,679	35,461,624	7.18%
2038	7,554,568	0	7,554,568	0	-82.40%

Notes:

Actuarially Determined Contributions are assumed to be paid on August 1.

Actuarially Determined Contribution for fiscal year 2021 is set equal to the budgeted amount determined with the prior valuation.

Item (2) reflects 3.5% growth in payroll as well as a 0.15% adjustment to total normal cost to reflect the effects of mortality improvement due to generational mortality assumption.

Projected normal cost does not reflect the future impact of pension reform for future hires.

Projected unfunded actuarial accrued liability reflects deferred investment gains.

Investment return for 2020 assumed to be 0.0%.